Wm. M. Cazalet's Compliments

BIMETALLISM

AND ITS

CONNECTION WITH COMMERCE.

BY

EDWARD CAZALET.

LONDON:
EFFINGHAM WILSON, ROYAL EXCHANGE.

1879.

Sixpence.

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Hotel Cavour,

Milan, *6th June*, 1879.

Dear Mr. Gibbs,

My friend, Mr. Thomson Hankey, forwarded to me the Report of the International Monetary Conference held at Paris in August last year.

I do not agree with the result arrived at by the majority of the members of the Conference, and have taken advantage of a few leisure hours to put upon paper a short analysis of the different views expressed by them, adding the conclusions on this important question to which I have come myself, and towards which, in my belief, public opinion will gravitate.

With your kind permission I address these remarks to you as one of the members of the Paris Conference.

I am

Yours faithfully,

EDW. CAZALET.

Henry Hucks Gibbs, Esq.,

St. Dunstan's, Regent's Park.

BIMETALLISM

AND ITS CONNECTION WITH COMMERCE.

WARS and rumours of wars have hitherto no doubt diverted the attention of our Government from the subjects brought before the International Monetary Conference at Paris in August last. Yet the question of a rational and workable system of currency for England and India, as well as for all civilised nations, is one which must before long, from the immense interests involved, force itself upon the attention of Governments, and call for solution. My object in this paper is, to put the different arguments adduced by the eminent and able representatives of the different Governments taking part in the Conference as succinctly as possible before the public; and to endeavour from these data to point out the path which England may safely and advantageously follow in assisting to solve, for her own benefit as well as

for that of other nations, this difficult and somewhat complicated problem.

At the International Monetary Conference held last year in Paris, ten nations were represented: America, at whose request the Conference was brought together; France, whose chief representative, M. Léon Say, presided; and eight other European nations. On the one side were ranged America, Austria, Italy, and Holland, earnestly advocating Bimetallism; on the other, England, France, Switzerland, Belgium, Russia, and Scandinavia, who are all either supporters of monometallism or deprecate any international agreement for fixing the relative values of gold and silver. The absence of a German representative from the Congress is much to be regretted, since it is Germany who, by discarding silver and substituting a gold for a silver standard, has been one of the chief, if not the chief, causes of the present depreciation of silver; and the mystery she maintains with regard to the position of her currency gives rise to the possibly erroneous belief that she is not convinced of the wisdom of the step she has taken. In any case the secrecy she persists in keeping about the stock of silver she has still for sale neither adds to the credit of the country,

nor to the value of the metal she may have to dispose of.

Notwithstanding the drawbacks which the members of the Conference had to contend with, arising from the limited powers granted to them by their respective Governments, and the absence of a German representative, some good has been achieved, and the subject has been pretty thoroughly ventilated.

The propositions advanced by America were the following:—

1st. It is not desirable that silver should be excluded from free coinage in Europe and the United States;

2nd. The use of gold and silver as unlimited legal tender on an equal footing may be safely and advantageously adopted by all nations;

3rd. The relative value of gold and silver can and ought to be fixed permanently by international agreement.

The first proposition, "that silver should not be excluded from free coinage in Europe and the United States," was energetically supported by the bimetallists represented at the Conference. It met also with a qualified support from all the other members. Mr. Goschen, whilst

sternly repelling the idea that England would ever consent to modify her single gold standard, argued conclusively "that the object of the different Governments should be to maintain silver as the natural ally of gold in all parts of the world where that was possible. A campaign against silver would in his opinion be very dangerous, even for the countries which have gold for their single standard. If England had followed the example of other nations by limiting the coinage of silver in India, the price of silver would have fallen 10 per cent. or 15 per cent. more than it has done; and if all countries were to demonetize silver, the fall would be unlimited. Again, if silver were universally demonetized, would there be sufficient gold for the general circulation,—would there not be cause to fear an appreciation of gold and a consequent corresponding fall in all articles of commerce? Countries which have only a paper currency would find it more difficult to resume specie payments." Mr. Mees, the representative of Holland, followed in the same strain. In fact these views met with general acceptance at the Conference. For centuries past silver has had an equally important part to play in the world with

gold. It is desirable that it should continue to play that part; for if silver were to be dethroned and gold adopted as a single standard of value throughout the world, the consequences would be nothing short of disastrous.

So far all were agreed; but when the consideration followed, how this desirable position was to be secured for silver, how the civilised nations of the world were to be protected from the calamities which must ensue from the demonetization of silver,— here a seemingly irreconcilable divergence of opinions arose. Mr. Brock, representing Norway and Sweden, stated that the unlimited coinage of silver would cause a general rise in all the necessaries of life, and that small States would be drained of their gold. Gold and silver being merchandise as well as currency, a fixed ratio between them was impossible. Mr. Feer Herzog, speaking for Switzerland, said "that the unrestricted use of silver tended to compel an abusive use of paper currency, and he did not think that a stable relative value between gold and silver could be advantageously fixed." Mr. Léon Say was "quite ready to affirm that the use of silver as legal tender should be maintained where it exists, but not that it should be introduced where

it does not exist: he was not prepared to affirm that a permanent equilibrium between gold and silver could be maintained;" whilst Mr. Goschen insisted upon "the absolute impossibility of establishing a fixed ratio between gold and silver, for scientific and economical reasons, the details of which, however, he would not enter into."

On the other hand, General Walker, Mr. Fenton, Mr. Grosbeck, and Mr. Norton, on behalf of America, endeavoured to show that an equilibrium between gold and silver was not only possible, but easily attainable, by an international agreement fixing their relative value; that such an equilibrium, in the proportion of 1 grain of gold to 15½ of silver, had been maintained during three-quarters of a century—up to 1873—by France and the States of the Latin Union; and that the causes of the depreciation of silver from that period were:—

1st. That Russia, Spain, Austria, Italy, France, and the United States, had, all of them, been obliged to adopt a paper currency;

2nd. That Germany had demonetized silver and exchanged her silver for a gold standard;

3rd. That the demand for silver in the East had from various causes fallen off;

4th. That the supply of silver had greatly increased.

These conditions, however, are being considerably modified. France and the United States have resumed specie payments; Germany has disposed of more than half her silver; the East again wants silver, and the production of this metal is falling off. General Walker further pointed out that if the world were to continue to be divided between two groups of States, the one with a gold, the other with a silver standard, without any fixed ratio of value between these two metals, then the commercial relations between these two groups of States would be burdened with the difficulties that exist between States, one of which has a metallic and the other a paper currency. If, again, other nations, following the example just set them by Germany, were to demonetize silver and adopt a single gold standard, the diminution in the stock of circulating medium thus caused would produce most serious consequences.

Enterprise would be stopped, trade paralysed, and the weight of all public, municipal, and private debts very greatly enhanced. Thus to adopt a single gold standard would be a very

serious evil, while to continue the present system, some States having a gold standard, others a silver one, and others maintaining a double standard, is attended with great drawbacks. But there is another course, namely, that all civilised nations should combine to fix by international agreement the relative value between gold and silver, and maintain both metals in circulation on an equal footing. These views met with the cordial support of the Austrian and Italian representatives, and if they were rejected by the majority of members at the Conference, it was not so much because the desirability of bringing about such an international concord was contested as on account of the divergence of opinion respecting the possibility of establishing a fixed ratio of value between gold and silver.

The whole question then turns upon this point, namely, "the possibility of maintaining a fixed ratio of value between gold and silver." I shall therefore attempt to show what is the truth respecting this much contested matter.

Before doing so I must, for the benefit of the general reader, explain what are the wants which the currency of a country is intended to supply, and how these wants can be best provided for.

The functions which a currency should perform are twofold. First, it should supply the means of settling all money debts, whether large or small, between the inhabitants of a country in the most convenient manner possible. Secondly, it should afford the means of adjusting trade balances with other countries expeditiously, and at as little cost as possible. Civilised nations possess paper, gold, or silver currencies; or different combinations of these three. A paper currency may be issued solely on the credit of a State, or upon a basis of gold and silver, or any other easily marketable security. If on the former, it is a forced currency, and being irredeemable at the option of the holder, constitutes a state of internal bankruptcy. Such a currency will circulate in the country where it is issued; but it is liable to rapid fluctuations in value, and it does not supply the means of adjusting trade balances with foreign countries. For these reasons it is resorted to only by impecunious Governments, as a consequence of protracted wars and deficient budgets. But a paper currency based upon gold and silver and good marketable securities offers many advantages, and is adopted in all civilised States. In what proportion such securities may be substi-

tuted advantageously for gold and silver, is a disputed question into which it is not my purpose now to enter. Whatever that proportion may be, the full amount of paper issued should be guaranteed by a similar amount of gold and silver, or by one or both of these metals with a certain proportion of good marketable securities. On this footing a paper currency has the advantage over gold and silver, that it is more portable and costs comparatively very little when lost or destroyed. The nation does not suffer in such a case, whereas by the total loss or destruction of any quantity of gold or silver the nation is to that extent impoverished. Paper, however, is not suitable for the payment of very small sums; and, even in countries where a forced currency prevails, silver and copper are, if possible, retained for divisional money. Paper money when issued in competition with a metallic currency, speedily drives it completely out of the country. It does so, however, not so much on account of the advantages I have alluded to as because paper money has no currency beyond the country where it is issued, whilst gold and silver are merchandise, and do not lose their value by being exported. Paper money, then, has an advantage over gold as a circulating medium

in the country where it is issued. It has an advantage over silver for effecting large payments, but not for settling small debts, small silver coins being preferable as divisional money. On the other hand, both gold and silver have this advantage over paper, that they supply the means of adjusting trade balances with foreign countries, for which purpose paper money cannot be employed.

Again, comparing gold with silver, gold has the advantage of being more portable, and is preferred to silver for making large payments. For the adjustment of foreign debts, both gold and silver can be employed; but gold has the advantage in being less bulky, and consequently somewhat less costly to transport.

On the whole, as there is about an equal value of gold and silver circulating in the world, if it were a necessity to dispense entirely with one of these metals, it would be better to forego the use of gold than of silver, since for larger payments paper money can be advantageously substituted for gold, whilst silver is preferable as divisional money, and trade balances can be adjusted by exporting silver with very little more cost than by exporting gold. We must, however, earnestly hope that no further

attempt will be made to demonetize either metal, for reasons which I shall now endeavour to explain.

It is computed that the total metallic circulation of the world amounts to 1,400 millions sterling, of which about 750 is gold and 650 silver.

The whole of this mass of metal is now doing service as currency, and to demonetize or eliminate either metal would involve a reduction of the circulation, we will say for the sake of simplicity, by one half. The half demonetized would be incalculably depreciated in value; the half which remained to do double service would be appreciated to an equal extent. Since the value of all articles of commerce is represented by the currency, the value of these articles must fall in proportion to the reduction in the volume of the currency, otherwise the reduced currency could not possibly do the work which the two metals combined had previously performed. Thus, to settle a debt of £100 it would be necessary to sell merchandise which under the double currency had been valued at £200. The creditor would gain at the expense of the debtor, and that by no fault of the debtor or merit of the creditor.

It is not, however, the real value of all articles of commerce which would be modified by the demonetization of either metal—their nominal value as represented in currency would alone be affected. But as the currency of a country is the only legal tender which can be offered in payment of a debt, the debtor would have to procure that currency from a circulation which had been suddenly contracted, and, in proportion to this contraction, the debtor would be a loser and the creditor a gainer. When the enormous amount of international and national as well as personal indebtedness is considered, and when we bear in mind that this indebtedness would be well nigh doubled by the demonetization of either gold or silver, it becomes clear that such an event would revolutionise the actual conditions of society, and be nothing short of a universal calamity.

A practical illustration of the consequences which follow upon a sudden change in the volume of the currency may be witnessed in the present condition of Russia. Before the war with Turkey, which has just terminated, the circulation of the Russian Empire amounted to about 730 millions of roubles in paper money. Her finances had not recovered from the enormous expenditure

incurred during the Crimean war twenty-five years previously; she had still a forced paper currency, and the value of the paper was depreciated to the extent of about 13 per cent. The par value of a rouble in sterling is 38¾d. It was then quoted 33½d.; and the total value of the circulation reduced to sterling, calculated at 33½d., amounts to close upon 100 millions. During the late war about 450 millions of paper money was added to the circulation, increasing it to its present volume about 1,180 millions. *Pari passu* with the increase, the value of the paper rouble fell, and it is now quoted in the Petersburg Exchange at 23d. 1,180 million roubles at 23d. are worth as nearly as possible 100 millions sterling, and the value of the total circulation represented in sterling has therefore remained unchanged.

The annual interest on the internal debt of Russia, exclusive of railway bonds, amounts to about 75 millions of roubles. Before the late war this sum represented in sterling over 10 millions; it is now, at 23d., worth only 7 millions; and the creditors of the Government are mulcted of the difference, amounting to about 3 millions sterling per annum. The fall in the value of the rouble

within little more than a twelvemonth has been 30 per cent., and the relative position of all debtors and creditors has been modified to that extent to the disadvantage of the creditor. No marvel, then, if a chronic state of discontent pervades that country, and if the people are prepared for disorder and excess.

Seldom do Governments recognise how often the crimes of the people may be directly traced to their own shortcomings. It admits of no doubt that a withdrawal of these redundant issues would again bring the paper rouble to par. Such an operation of restoring a depreciated paper currency to its par value has been lately carried out in the United States with complete success. What is perhaps not so generally apprehended is, that the same law which applies to the circulation of a single country is equally applicable to the general circulation of the world. Gold and silver, unless some substitute for them is adopted, are just as much a forced currency for the world as an irredeemable paper currency is a forced currency in the country where it is issued; and a reduction or increase in the volume of gold and silver produces just the same effects upon the general commerce of the world as a reduction or increase

of a forced paper currency does upon the commerce of a country where it circulates. The important difference between the two consists in this: that whereas a forced paper currency may be increased to almost any extent at no cost beyond that of the printed paper, gold and silver can be produced only in limited quantities and at considerable cost. It is sudden fluctuations in the value of a currency which are attended with such disastrous consequences to trade and commerce, and this facility for the sudden expansion of a forced paper currency constitutes its chief danger. A gold and silver currency is not subject to these drawbacks. The total annual production of gold throughout the world is estimated at 20 millions sterling, and the production of silver is valued at the same figure. Taken together they amount to 40 millions sterling. This does not exceed 3 per cent. of the total circulation of each metal. Of this yearly production nearly one-third is required to make good the wear and tear of the metals; one-third is wanted for increased demand consequent upon increased population and the development of trade, and only one-third remains to supply the demands of manufactures. It would require a very large increase in the production of these metals to

exercise any appreciable influence on the value of the total currency of the world. But if this is unquestionably true with regard to both metals taken conjointly, it is not equally true with regard to each metal taken separately. The annual production of gold has fallen within the last thirty years from £36,000,000 to about £20,000,000, whilst the production of silver has increased from 10 millions sterling to 20 millions sterling per annum in the same period. That is to say, the production of gold has decreased by 44 per cent., and the production of silver has increased by 100 per cent. The variations in the production of both metals taken conjointly have never exceeded 15 per cent., namely, the difference between £46,000,000 and £40,000,000. Consequently if, as is universally acknowledged, the desire of all economists be to provide as far as possible against rapid fluctuations in the volume of a currency, the fact that the two metals circulating together on an equal footing affords a much surer guarantee against such fluctuations than either of these metals taken separately would give, is a very strong argument in favour of bimetallism. In answer to this, Mr. Goschen suggests (and in this he was supported by M. Léon Say and other

members of the Paris Conference) "that each country should retain the currency it has at present adopted; those who have a silver standard should keep to it, and those who have a gold standard should retain gold, and the desired result, the maintenance of both metals in circulation, will be attained." But one of the chief functions of a metal currency is to liquidate trade balances between different countries; and whereas the total production of both metals taken conjointly has varied within thirty years only 15 per cent., the relative production of these metals has varied in the proportion of 36 : 10 or 360 per cent. In future years it will be liable to similar fluctuations. Who, then, can doubt the truth of General Walker's assertion that trade between two countries, one possessing a silver and the other a gold standard, is attended with nearly the same drawbacks as between States, one of which possesses a metal and the other a paper currency? Assuredly the solution suggested by Mr. Goschen will not be accepted as a permanent settlement of the question.

We have hitherto not taken into consideration the influence upon the relative value of the two metals which is brought about by the substitution

in any country of a gold for a silver currency, or *vice versâ*. Within the last two years Germany has exchanged her former silver currency for a gold currency. Norway, Sweden, and Denmark, as well as Finland, have adopted a gold currency. Possibly other countries may follow their example. Such a contingency must not be lost sight of. I have no accurate data for stating what was the amount of silver in circulation throughout Germany previous to its demonetization, but it is generally believed that she has already disposed of an amount equal to 35 millions, and that she has still 15 millions to sell. Assuming, then, that Germany has demonetized £50 millions of silver, the effect must be that £750 millions gold in circulation throughout the world will in future have to do the work which was previously performed by 750 millions gold plus 50 millions silver; whilst the 650 millions silver in circulation will henceforth only do the work which hitherto devolved upon 600 millions. This change necessarily involves an appreciation of gold to the extent of 7 per cent., and a depreciation of silver by 8 per cent. By the demonetization of silver in Germany the relative value of the two metals has been modified by (8 per cent. plus 7 per cent.)

15 per cent. The depreciation in the value of silver has certainly exceeded that figure; but this is owing to the temporary pressure of German silver upon the market, and the danger lest some other country be tempted to follow the example. Assuming the above data to be accurate, the demonetization of silver in Germany will permanently modify the relative value of the two metals by 15 per cent.

I trust I have said enough to show:—

1st. That the retention of both gold and silver as a circulating medium is, in the present condition of the world, a necessity;

2nd. That for some countries to adopt a silver and others a gold standard would give rise to incessant fluctuations between the value of the two metals, and be highly prejudicial to international commerce; and that the alternative, namely, that all civilised nations should adopt gold and silver as a double standard, circulating on an equal footing with a fixed ratio of value between the two metals, would be, if practicable, a satisfactory solution of the question.

It remains for me to show how far such a fixed ratio of value is practicable. Here I may allude to the somewhat strange coincidence that,

although at the conference Messrs. Goschen, Léon Say, Feer Herzog, and others, gave it as their opinion that a fixed stable value could not be maintained between gold and silver, Mr. Brock alone gave any reason for holding this opinion; and the only reason he gave was, that gold and silver being merchandise as well as currency, a fixed ratio between them was impossible. At first sight this may appear to be a conclusive reason; but, when sifted, it loses much if not the whole of its force.

Unquestionably if the bulk of the trade in gold and silver were in the hands of manufacturers, it would be very difficult, if not impossible, for the Governments of Europe combined to regulate the price of these metals. But is this so? The total consumption of gold and silver for manufacturing and all other purposes, exclusive of currency, is estimated at 5 per cent. of the total annual production. It certainly does not exceed 10 per cent., and the whole of the remainder, from 90 to 95 per cent., is purchased by the different Governments of the world for currency purposes. Consequently it is the currency which supplies, with a comparatively trifling exception, the only market for the

precious metals; and as long as an unlimited demand can be retained for both articles, the Governments of Europe have it in their power to fix and maintain their relative value.

Such an unlimited market has been supplied by France and the Latin Union for three-quarters of a century, with the result of maintaining the fixed ratio between gold and silver at $1:15\frac{1}{2}$. If this value has not been maintained within the last few years, it is because the large amount of silver suddenly thrown upon the market in consequence of the demonetization of silver in Germany created such a drain upon the gold in the Bank of France as to cause alarm lest the supply should not be equal to the demand. It is scarcely necessary to add that this danger could not exist if all civilised nations combined to keep both metals in circulation, seeing that the quantity of gold at present circulating in the world is in excess of silver; and any conceivable increase in the production of silver, or decrease in the production of gold, could not for a long series of years modify the proportions in such a way as to render a change in the relative value of the two metals necessary. It should be borne

in mind that a very considerable proportion of gold and silver coin does not circulate, but is retained at the banks of issue as security against the paper money circulating; and any moderate change in the relative quantity of these metals which is not doing active service cannot prejudice to any appreciable extent that portion of the currency which is actually circulating. The two metals would circulate in the proportion found to be most useful, and the surplus must find its way to the banks. Of course it is within the range of possibility that the supply of gold may cease altogether, and at the same time the supply of silver may increase, or the reverse may occur. But, even in these improbable eventualities, the question which has to be considered is not whether under such circumstances there would be inconvenience to a country possessing a double standard, but whether the inconvenience would be greater to each country if all possessed a double standard, or if they were divided, half the nations possessing a gold and the other half a silver standard. The answer to this question cannot for a moment be doubtful. If it is desirable to promote international commerce; if it is an object to eliminate the great perturbations in the relative value of

gold and silver, inseparable from the substitution of one metal for the other in any country which possesses a considerable metallic currency; if it is the chief concern of statesmen to uphold justice between individuals, and to promote harmony at home, and peace and goodwill among the nations, —then it is necessary to adopt that system which will give to a universal currency the greatest possible stability.

In advocating bimetallism with a fixed standard of value between the two metals, I must not be understood to state that a fixed ratio of value can be maintained for all time between the two metals. Changes are within the range of possibility which it is out of human power to provide against. What I am prepared to maintain is, that such a fixed ratio is eminently desirable for the welfare of all civilised nations; that it can be fixed for a long period of time by international agreement so as to meet all practical purposes; and that, should such a modification in the production of gold and silver occur as to render a change in the relative value of gold and silver desirable, there is nothing to prevent such a change from being hereafter made. The world has already been gifted with an international postage and telegraph

system; it remains for the future to bestow upon it an international unit of weights and measures and an international currency.

I have said that Germany had possibly 15 millions of silver still to dispose of. That was the opinion expressed at the Conference; it may, however, prove a mistaken one. Many years ago an attempt was made, with only partial success, to introduce a platinum currency in Russia. After a year or two this currency was recalled; nevertheless platinum coins continue to circulate in Russia to this day, and whole bags of it may still be bought on the Moscow Exchange. It is not improbable that a similar result may occur in Germany. The people there are accustomed to a silver currency; it is more suitable to the wants of a large portion of the population than gold, and the silver thaler will continue to circulate for many years to come in Germany, expelling a portion of the gold which the Government, at considerable sacrifice, is vainly and uselessly attempting to force upon the people. Very possibly it will be found that the German Government has little, if any, more silver to sell, for the simple reason that it is unable to withdraw the remaining thalers from circulation.

To resume; the argument I have endeavoured to maintain and elucidate is the following:—Gold and silver have been adopted as the currency of the civilised world, and neither the one nor the other can be demonetized without manifest injury to all nations. The present haphazard arrangement—some countries possessing a gold, others a silver, and others again a double standard—has broken down. The suggestion at the Conference that a division of the currency such as would be brought about by half the world adopting a gold, and the remaining half a silver, currency will not remedy the evil. No valid objection has been raised at the Conference or elsewhere to the proposal that all civilised nations should adopt a double standard, adjusting as near as possible for the time being the relative value between the two metals, and leaving it open to modify this ratio at some future period should circumstances render the change desirable.

I have intentionally avoided mixing up details with the present argument. If once the principle is generaliy admitted and approved, its introduction cannot offer insuperable obstacles.

I cannot close this short essay, without once more insisting upon the fact that a depreciation

of silver necessarily involves a relative appreciation of gold. It is beside the question to argue that gold is abundant and cheap, and that therefore it cannot be appreciated. It is not a question of cheapness, but of relative value between the two metals. Russia is suffering from the depreciation of her paper currency in consequence of over issúes; India is suffering, in a similar manner though not to the same extent, from the depreciation of her silver currency. The evils which a depreciated currency brings about are well understood. Among them will be found a fall in the exchanges, and a consequent displacement of capital from undertakings intended to supply home wants to those which supply the wants of foreign countries; an unnatural inflation of exports and an equally prejudicial stoppage of imports; a universal and unjust modification in the relative position of debtor and creditor to the detriment of the creditor. From these misfortunes Russia and India are both now suffering—Russia from her own laches, India from circumstances beyond her control. But the reverse of the medal is equally true. A sudden appreciation of a currency produces, as infallibly, equally injurious results. In this case the imports of a country are fostered

unnaturally, and the exports arrested, involving the stoppage, and in many cases the ruin of manufactories based upon an export trade. The positions of debtor and creditor are unjustly modified, but in this instance to the detriment of the debtor. In both cases the capital and labour question comes to the front, assuming its most disagreeable aspect. In the former case there is involved the necessity of a rise in wages; in the latter, of a reduction.

From these calamities the people of England and the people of Germany are suffering at the present day. It is a mistake to suppose that politics have at present much to do with the depression of trade. That argument was valid a twelvemonth ago, but now nobody believes that there is any danger of a great European war.

The reasons for this long-continued and seemingly unaccountable depression of trade in England and Germany are possibly not well understood—perhaps they are not even suspected by many of the leading men in both countries; but they are in a great measure directly traceable to the disorganised state of the currency of the world—to the fact that so long as gold and silver are maintained as the only international currency of

the world, a depreciation of one metal cannot take place without a relative appreciation of the other, and that both the appreciation and the depreciation tend to arrest international commerce and to produce equal if not similar disasters. It is well that it should be so. The more the people of the earth have cause to feel that they are children of one family, and that their interests are inseparably linked together, the sooner will an era of peace be brought about ; and the Government which shall contribute most to the settlement of this great international question will well deserve the thanks of the nation, and will do more to consolidate its own power by such an achievement than by the prosecution of the most successful foreign wars.

Effingham Wilson, Printer, Royal Exchange, E C.